

ECONOMIC INTELLIGENCE COMMITTEE

ANNUAL REPORT OF THE SUBCOMMITTEE ON SHIPBUILDING
FY 1961

A. Activities of the Subcommittee During the Fiscal Year

1. Review of the Intelligence Product

The Subcommittee reviewed the Priority Deficiencies of Research on Sino-Soviet Bloc Shipbuilding, Series EIC-S-1. Informal liaison on shipbuilding matters continued between members.

2. Research and Collection Deficiencies

(a) Research Deficiencies

(1) A statement of the program during the year in filling priority research deficiencies is attached hereto as Annex A. Included in this statement is the action taken by the Subcommittee on a review of the Priority Research Deficiencies of Sino-Soviet Bloc Shipbuilding, EIC S-1/13, 18 March 1957.

(b) Collection Deficiencies

(1) The Subcommittee noted without comment ORR; Gaps in Information Statement on the Shipbuilding Industry in East Germany.

(2) The Subcommittee agrees that the standing requirement of the individual agencies largely cover basic collection requirements. These basic collection requirements, however, are being supplemented, principally in the area of economic reporting, by the preparation in CIA (RR) of gaps in information on a single country basis.

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(3) One of the principal economic gaps is information on domestic cost of construction of naval and merchant ships in the Sino-Soviet Bloc.

3. Review of Substantive Papers

(a) The Subcommittee prepared a draft working paper Estimate of Production of Naval and Merchant Vessels in the USSR, 1958, 1959 and 1960, for use by its members at the [redacted] Conference held in 25X1X7 Washington in October/November 1960.

(b) ONI presented three papers before the Subcommittee -- (1) Developments of Soviet Hydrofoil Vessels, (2) Possible use of Silver-Zinc Batteries in Soviet Submarines and (3) The Engineering Estimate of the Z-class submarine.

4. Review of Proposals for External Research

Nothing to report.

5. Maintenance of Agreed Basic Statistics

Nothing to report beyond the continuing of informal liaison between committee members.

6. Projects Undertaken at the Request of the EIC or Proposed to the EIC

In response to a request by the State Department, the Subcommittee estimated possible production by the Sino-Soviet Bloc of tankers of 11,000 to 30,000 DWT size for the years 1961 through 1965 utilizing all available facilities and on a high priority basis.

7. Intelligence Research Techniques

Nothing to report.

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8. Special Coordination Functions of the Subcommittee

The Subcommittee was host and conducted the [redacted] 25X1X7 Conference held in Washington, D. C., on October 31, November 1 and 2, 1960.

9. Evaluation of the Role of the Subcommittee

It is believed that this Subcommittee continues to be of considerable value as a medium of intraagency review and coordination.

B. Future Program of the Subcommittee

The Subcommittee plans to continue the exchange of information regarding research program, the coordination of draft papers, and the discussion of Sino-Soviet Shipbuilding techniques and production.

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ANNEX AProgress Report on Priority Deficiencies of Research
by EIC Subcommittee on Shipbuilding

<u>Gaps in Intelligence</u>	<u>Progress to Date and Agreed Future Action</u>
1. Methodology for estimating the maximum capability of a shipyard.	(1) CIA has developed a methodology for estimating production capability for cargo ships. This requirement is to continue in force and appropriate factors are to be developed for the construction of naval ships.
2. Studies of the Manufacture of major shipbuilding components.	(2) This item to continue in force but action by the Subcommittee will be on an <u>ad hoc</u> basis.
3. Input requirements	(1) Discontinue. Any requirement in this category will be handled on an <u>ad hoc</u> basis.
4. Studies of individual major shipyards.	(1) Discontinue. This deficiency currently is being met by ONI Port Series.
5. Studies of minor and small shipyards.	(1) Discontinue. See 4(1) above.

ANNEX A
(Continued)

Progress to Date and
Agreed Future Action

Gaps in Intelligence

6. Production and repair of merchant ships under 1,000 grt, inland and fishing craft.
- (1) Discontinue. CIA has instituted a series of annual reports covering production of all classes and sizes of merchant ships in the Sino-Soviet Bloc. The report for 1959 was published in March 1961 and the 1960 report is in publication at the present time. No reports are planned on repair of merchant ships.
7. Import and export of materials, components, and new vessels.
- (1) Discontinue. The CIA series mentioned in 6(1) above includes distribution and value of newly built ships by the Bloc and newly built ships imported by the Bloc. No reports are planned for the export or import of materials and components.
8. Employment in the Shipbuilding industry.
- (1) Discontinue
9. Cost of construction of naval and merchant ships.
- (1) Discontinue. The CIA series mentioned in 6(1) above includes value of all newly built merchant ships built and imported. In addition to this series the CIA publishes a similar series on naval production in which all production is priced.

ANNEX A

(Continued)

Gaps in Intelligence

Progress to Date and
Agreed Future Action

10. Capital investment in
the industry.

(1) Discontinue.